Annual Presentation to Unisys

Systems Integration

Presented by: Dennis Wayson, Vice President

INPUT
1280 Villa Street, Mountain View
CA 94041-1194
(415) 961-3300

Systems Integration Annual Presentation

INPUT

Overview

- Definitions
- Market Forecasts—Commercial/Federal
- Expenditures by Industry
- SI—Driving Forces/Issues

INPUT

NOTES:

SIOS-2

Overview

- Project Structure/Composition
- Key Competitors—Commercial/Federal
- 1988 Key Developments
- INPUT's Analysis/Future Trends

INPUT

NOTES:

SIOS-7

Unisys

- Competitive Perceptions
- Strengths and Weaknesses
- Leverage Points/Positioning
- Conclusions and Recommendations

INPUT

NOTES:

SIOS-8

Sources of Data

- "Buyer Issues" Research Data Base
- SI Project Data Base/Analysis
- 22 In-Depth Vendor Interviews
- INPUT 1988-1993 Market Forecast

INPUT

NOTES:

SIOS-9

SI Market Definition

- Integrated Solution to a Multidisciplinary Information Systems Requirement

  - Multiple Vendors

  - Multiyear Schedules

  - Prime Contractor Assumes Full Risk

INPUT

NOTES:

SIOS-3

Differences Between System Integrators and Turnkey System Vendors

Systems Integrators	Turnkey Systems
Strategic Design & Consulting	Tactical Consulting
Multi-Year Effort	Single Year Time Span
High Level Complexity	Modest Complexity

INPUT

NOTES:

SIOS-4

Differences Between System Integrators and Turnkey System Vendors

Systems Integration	Turnkey Systems
SW Development	Software Products
High Cost	Moderate Cost
Large Project Management Skills	

INPUT

NOTES:

SIOS-5

Similarities Between System Integrators and Turnkey Systems Vendors

Prime Contractors Role

Multiple Vendors Involved

Equipment Delivery

Software Customization

Installation, Training, and Support

Post-Installation Support

INPUT

NOTES:

SIOS-6

Systems Integration Market Forecast 1988-1993

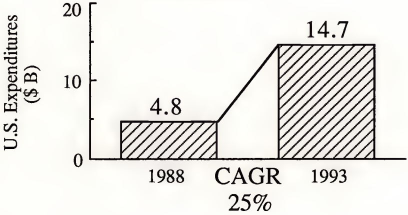
- Federal
- Commercial
- Industry Sectors

INPUT

NOTES:

SIOS-10

Systems Integration Market Forecast

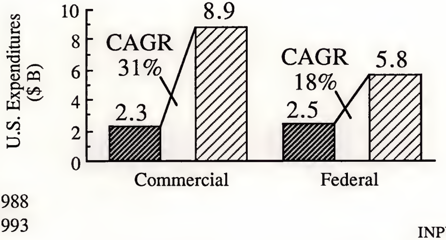


INPUT

NOTES:

SIOS-11

Systems Integration Market Forecast



INPUT

NOTES:

SIOS-12

Key Factors

Commercial SI Markets

Positive:

- Rising Demand for Connectivity
- Major Rebuilding of Infrastructure
- Growing Trend Toward User Management

INPUT

NOTES:

SIOS-13a

Key Factors
Commercial SI Markets

Positive:

- Globalization of Competitive Pressure
- Growing Complexity of Applications

INPUT

NOTES:

SIOS-13b

Key Factors
Commercial SI Markets

Negative:

- "In House" Competitive Threat
- Growing Concerns over Maintenance Issues
- Organizational Instability
- "Wait and See"—Track Records

INPUT

NOTES:

SIOS-14

Key Factors
Federal SI Markets

Positive:

- Demand for Productivity Improvement
- Shortage of Technical Staff
- Shared Implementation Risks
- Trend Toward Technology Upgrades

INPUT

NOTES:

SIOS-15

Key Factors
Federal SI Markets

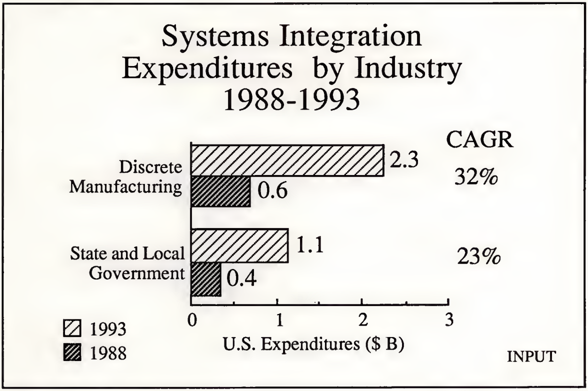
Negative:

- Deficit and Budget Pressures
- Systems Maintenance Resource Burden
- Slow Standards Implementations
- Extended Implementation Schedules

INPUT

NOTES:

SIOS-16



NOTES:

SIOS-17

Key Factors

In Discrete Manufacturing Industry

Positive:

- Foreign Competition Fosters Automation
- Continuing Capital Equipment Investment
- Larger Sector, Extensive Project Expenditures

INPUT

NOTES:

SIOS-18a

Key Factors
In Discrete Manufacturing Industry

Positive:
- Communications Network Integration Needs
- Response Needed to Inventory Controls of Distributors

INPUT

NOTES:

SIOS-18b

Key Factors

In Discrete Manufacturing Industry

Negative:

- IBM Dominates Hardware Component
- Tendency to Build Rather than Buy
- Some Negative Experience with CSI
- Industry and CSI Experience Prerequisite

INPUT

NOTES:

SIOS-18c

Key Factors

In State and Local Government Market

Positive:

- Continued Demand for Information Services
- Move Toward In-House Data Processing
- Shortfall of Qualified In-House Staff

INPUT

NOTES:

SIOS-19a

Key Factors

In State and Local Government Market

Positive:

- Increasing CSI Opportunities with FM Options
- Increasing Network and Resource Sharing Demands

INPUT

NOTES:

SIOS-19b

Key Factors

In State and Local Government Market

Negative:

- Dispersed Market (82,000 Government Units)
- Emphasis on Local Vendors

INPUT

NOTES:

SIOS-19c

Key Factors

In State and Local Government Market

Negative:

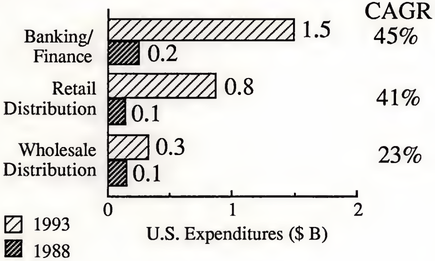
- Impact of Federal Budget Deficit Controls
- Interest in Small Turnkey Solutions (VARs)

INPUT

NOTES:

SIOS-19d

Systems Integration Expenditures by Industry, 1988-1993



INPUT

NOTES:

SIOS-20

Key Factors

In Banking/Finance Industry

Positive:

- Shift to Merchant Banking
- Time-Sensitive Information Requirements
- Growing Body of PC-Based End Users
- Technical Innovation Desired

INPUT

NOTES:

SIOS-21ab

Key Factors

In Banking/Finance Industry

Negative:

- Parochial View of In-House Capabilities
- Opportunities Hard to Locate
- Industry and Application Experience Required

INPUT

NOTES:

SIOS-21c

Key Factors
In Banking/Finance Industry

Negative:
- Platform-Based System Preference
- Network Cost Limits

INPUT

NOTES:

SIOS-21d

Key Factors
In Retail Distribution Industry

Positive:

- Shift to Financial Controls
- Increasing Use of POS and Optical Technology
- Strong Interest in Customer Service
- Network Design and Project Management Needed

INPUT

NOTES:

SIOS-22ab

Key Factors

In Retail Distribution Industry

Negative:

- Infrequent User of Outside Services
- Smaller than Average Project Expenditures
- Prevalence of Small Firms
- Low Profit Margins

INPUT

NOTES:

SIOS-22c

Key Factors

In Wholesale Distribution Industry

Positive:

- Network Requirements
- Potential for EDI Applications
- Strong Interest in Inventory Turnover
- Automation Needed for Survival

INPUT

NOTES:

SIOS-23a

Key Factors

In Wholesale Distribution Industry

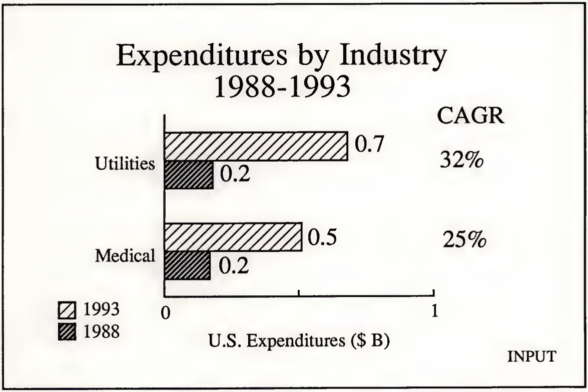
Negative:

- Infrequent User of Outside Services
- Smaller than Average Project Expenditures
- Widely Different Submarkets
- Broad Applications Challenges

INPUT

NOTES:

SIOS-23b



NOTES:

SIOS-24

Key Factors
In Utilities Industry

Positive:

- Increasing Competitive Use of Technology
- Hardware/Software Obsolescence
- Automation of Repetitive Tasks
- Automated Remote Control Applications

INPUT

NOTES:

SIOS-25a

Key Factors

In Utilities Industry

Negative:

- Day-to-Day Orientation of IS
- Limited Number of Establishments
- Financial Constraints
- Modular, Rather than Total, View of System

INPUT

NOTES:

SIOS-25b

Key Factors

In Medical Industry

Positive:

- Pressure to Constrain Medical Services Costs
- Defensive Medicine Requirement for More Data
- Hardware Operating at Capacity
- High Use of Outside Contractors

INPUT

NOTES:

SIOS-26ab

Key Factors
In Medical Industry

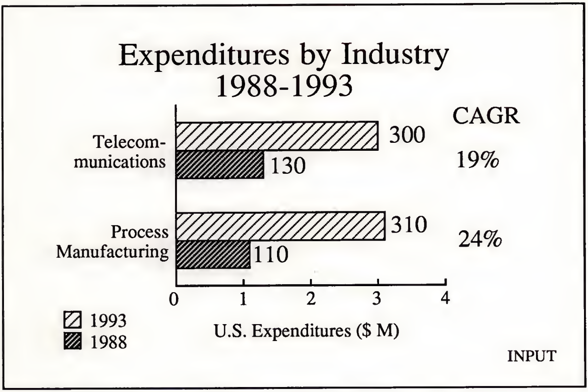
Negative:

- Turnkey Systems Vendors Very Active
- Industry Experience and Acceptance Required
- Limited Number of Large Clients
- "Bottom-Line" Financial Limitations
- Fragmented Marketplace

INPUT

NOTES:

SIOS-26cd



NOTES:

SIOS-27

Key Factors

In Telecommunications Industry

Positive:

- Internal Lack of Project Discipline
- Network Integration Opportunities
- Widening Range of Services Requiring Support
- Need for EDI and AI-Based Systems

INPUT

NOTES:

SIOS-28a

Key Factors

In Telecommunications Industry

Negative

- Industry Restructuring Delays Projects
- Perceived In-House Technical Skills
- Highly Unionized Work Force
- Foreign Vendor Interests

INPUT

NOTES:

SIOS-28b

Key Factors

In Process Manufacturing Industry

Positive:

- Competitive Need to Meet Market Demands
- Need to Improve Operating Efficiencies

INPUT

NOTES:

SIOS-29a

Key Factors
In Process Manufacturing Industry

Positive:
- Network Design/Integration Requirements
- Need Support for Marketing and Strategic Planning

INPUT

NOTES:

SIOS-29b

Key Factors

In Process Manufacturing Industry

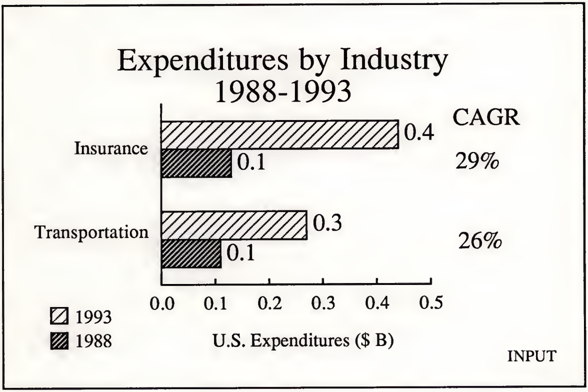
Negative:

- Few Large Establishments
- Reluctance to Contract for Services
- Process Concentrated in Operations

INPUT

NOTES:

SIOS-29c



NOTES:

SIOS-30

Key Factors

In Insurance Industry

Positive:

- Replace Aging Data Processing Resources
- New Products (Insurance and Financial) Require Support

INPUT

NOTES:

SIOS-31a

Key Factors
In Insurance Industry

Positive:

- Need for On-Line Policyholder/ Client Information
- Integrated Network Requirements
- Need On-Line Multifunction Systems

INPUT

NOTES:

SIOS-31b

Key Factors

In Insurance Industry

Negative:

- Cost Controls Limit New Starts
- Ongoing Industry Restructuring
- Industry-Specific Knowledge/ Experience
- Self-Sufficiency Mentality

INPUT

NOTES:

SIOS-31c

Key Factors
In Transportation Industry

Positive:

- Competition and Changing Rates Require Support
- Strong Need for End-to-End Systems

INPUT

NOTES:

SIOS-32a

Key Factors
In Transportation Industry

Positive:

- Network Design/Integration Requirements
- Move to Independent Traffic Management

INPUT

NOTES:

SIOS-32b

Key Factors

In Transportation Industry

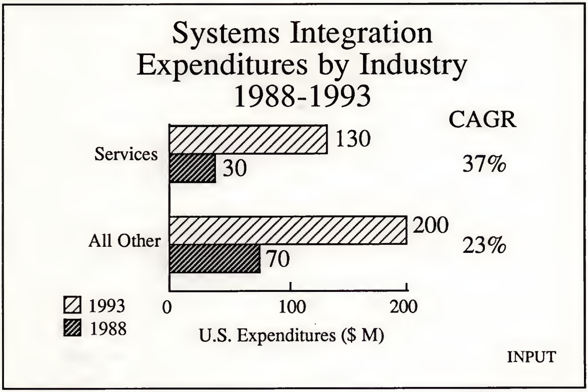
Negative:

- Few Opportunities Outside of Airline Segment
- Little Growth in IS Expenditures
- Limited Use of Outside Services
- Limited Capital Investment Availability

INPUT

NOTES:

SIOS-32c



NOTES:

SIOS-33

Key Factors

In Services Industry

Positive:

- New Demands for Networks and Data Bases
- Key Service Sectors Are Organizing Support Systems
- Recreation Market Creating New Systems Demands

INPUT

NOTES:

SIOS-34a

Key Factors

In Services Industry

Negative:

- Few Large Enterprises
- Minimal Use of Automation
- Few Large-Scale Opportunities
- In-House Control of Large Client Systems

INPUT

NOTES:

SIOS-34b

SI—Driving Forces and Issues

- Major Issues—1988/Buyers
- Major Issues—1988/Vendors
- Technology Drivers—1988

INPUT

NOTES:

SIOS-35

Major Buyers Issues—1988

- Rising Management Expectations
- User Demands for Increasingly Complex Solutions
- Managing the Technology Investment
- Integration—Data/Applications/ Technology
- "Mission Critical" Solutions

INPUT

NOTES:

SIOS-36

Major Issues—1988
Vendors

- Potential of Catastrophic Failure
- Resistance from In-House Integrators
- Increasing Competition—Confusion
- Competitive Exposure through Specific Project Alliances
- Leading-Edge Technology Risks

INPUT

NOTES:

SIOS-37

Technology Drivers—1988

- Relational Data Structures
- Open Systems Standards
- Multiplatform Software
- Microcomputer Sophistication
- Communications Product Range

INPUT

NOTES:

SIOS-38

Project Structure and Composition

- SI Project Data Base 1987-1988
- Distribution and Component Analysis Federal and Commercial
- SI Project Classifications
- Trends in SI Project Composition

INPUT

NOTES:

SIOS-39

SI Project Data Base, 1987-1988

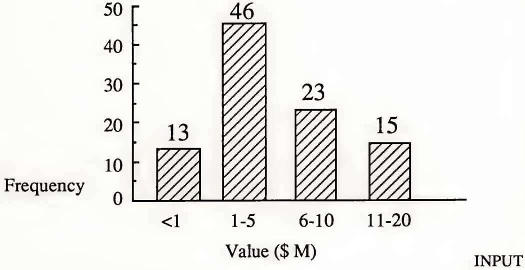
	Commercial	Federal
Projects Analyzed		
Completed	93	35
In Progress	133	56
"Suspects" Resolved and Not Used	115	-
Total	341	91

INPUT

NOTES:

SIOS-40

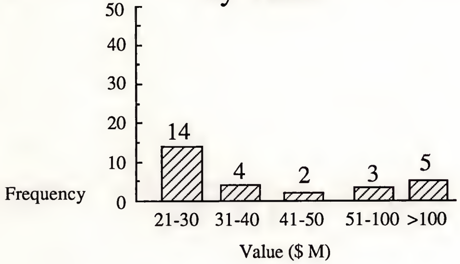
Distribution of Commercial Projects by Value



NOTES:

SIOS-43a

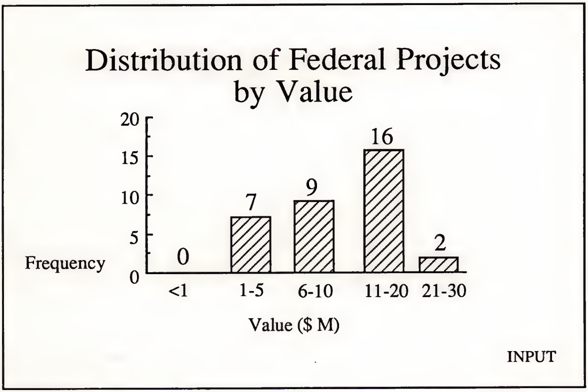
Distribution of Commercial Projects by Value



INPUT

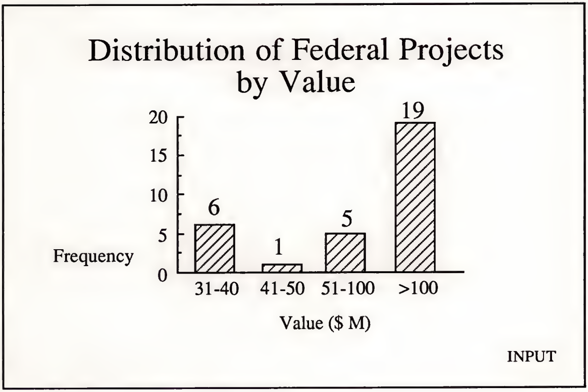
NOTES:

SIOS-43b



NOTES:

SIOS-42.01a

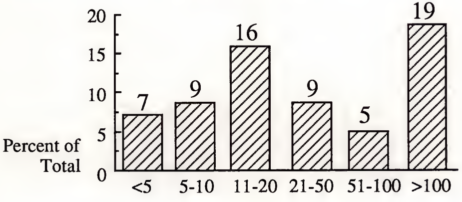


NOTES:

SIOS-42.01b

Distribution of Projects by Value

Federal Sector



No. Projects = 65

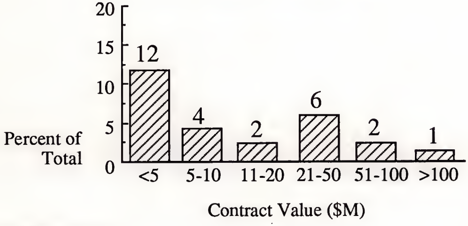
INPUT

NOTES:

SIOS-41a

Distribution of Projects by Value

State and Local Sector

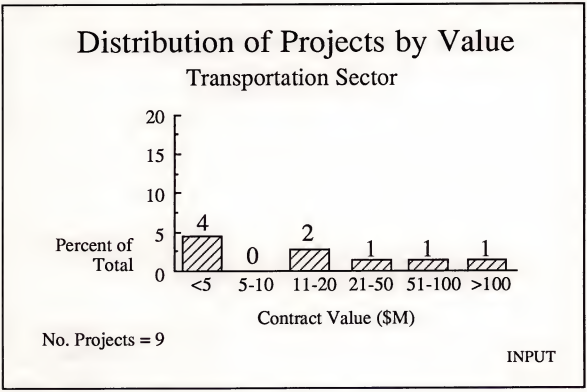


No. Projects = 27

INPUT

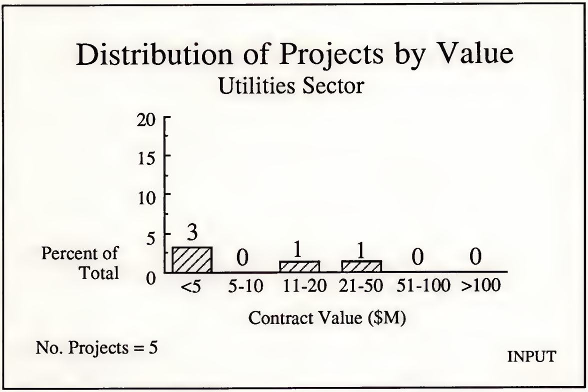
NOTES:

SIOS-41b



NOTES:

SIOS-41c

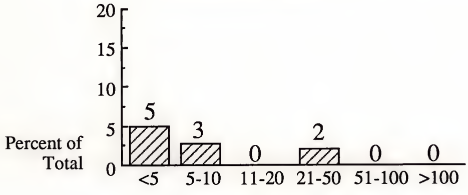


NOTES:

SIOS-41d

Distribution of Projects by Value

Discrete Mfg. Sector



No. Projects = 10

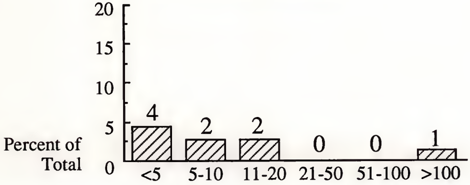
INPUT

NOTES:

SIOS-41e

Distribution of Projects by Value

Distribution Sector



No. Projects = 9

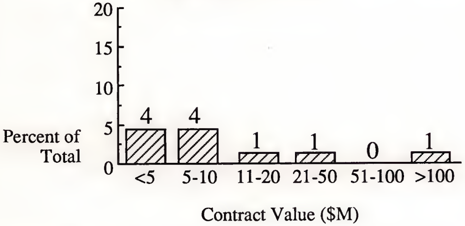
INPUT

NOTES:

SIOS-41f

Distribution of Projects by Value

Insurance Sector



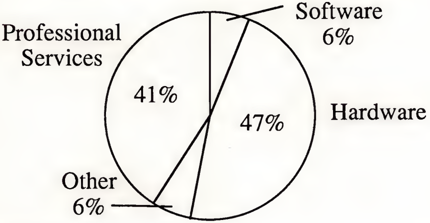
No. Projects = 11

INPUT

NOTES:

SIOS-41g

Expenditures by Component Group Federal Project Sample



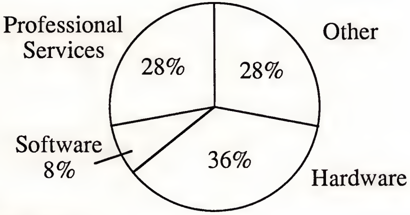
N=56 Projects

INPUT

NOTES:

SIOS-42

Expenditures by Component Group
Commercial Project Sample



N=66 Projects

INPUT

NOTES:

SIOS-44

SI Project Classifications

Applications Level

- Focused on Specific Business Solution
- Driven by Executive/User Management
- Short-Term Payout with High Visibility

INPUT

NOTES:

SIOS-45a

SI Project Classifications

Data Level

- Focused on Providing Data Infrastructure

- Driven by IS or Division Management

- Provides Platform for "Suites" of Applications

INPUT

NOTES:

SIOS-45b

SI Project Classifications

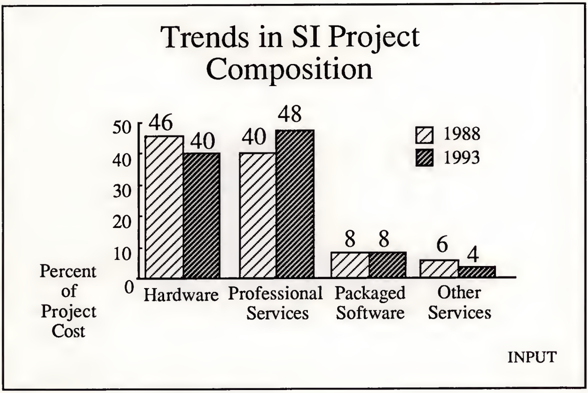
Network Level

- Focused on Total Delivery Capability
- Almost Universally IS Driven
- Provides Standard Environment/Tools

INPUT

NOTES:

SIOS-45c

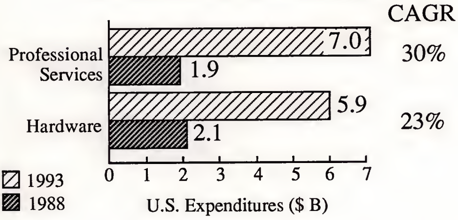


NOTES:

SIOS-46

Systems Integration Market

1988-1993 Component Groups



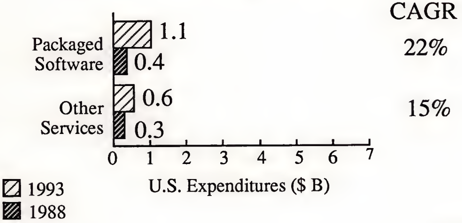
INPUT

NOTES:

SIOS-47a

Systems Integration Market

1988-1993 Component Groups



INPUT

NOTES:

SIOS-47b

Key Competitors—Commercial/Federal

- Leading SI Vendors and Market Share
- Leading Vendors—An Overview
- SI Vendor Profiles
- Emerging Vendor Trends

INPUT

NOTES:

SIOS-48

Leading Systems Integration Vendors, Market Shares, 1987

Vendor	U.S. Revenues ($M)	Market Share (%)
IBM	515	14
EDS	450	12
Andersen Consulting	420	11
Boeing	250	7

INPUT

NOTES:

SIOS-49a

Leading Systems Integration Vendors, Market Shares, 1987

Vendor	U.S. Revenues ($M)	Market Share (%)
CSC	195	5
SAIC	175	5
Grumman	150	4
CDC	130	3

INPUT

NOTES:

SIOS-49b

Leading Systems Integration Vendors, Market Shares, 1987

Vendor	U.S. Revenues ($M)	Market Share (%)
SHL Systemshouse	115	3
Unisys	100	3
AGS (Nynex)	75	2
		58

INPUT

NOTES:

SIOS-49c

Vendor Profiles: Andersen Consulting

- Business Duration
  - 10 Years
- Organization
  - Decentralized, Vertical Market Implementation Staff
- Dedicated Resources
  - 15,000 (Worldwide) Employees in Systems Integration and Professional Services

INPUT

NOTES:

SIOS-54.01ab

Vendor Profiles:
Andersen Consulting

- Target Industries
  - Aerospace
  - Manufacturing
  - Utilities
  - Distribution
  - Finance

INPUT

NOTES:

SIOS-54.02

Vendor Profiles: Andersen Consulting

Strengths

- Consulting Expertise, Depth of Staff
- Systems/Product Demonstration Centers
- High-Level Client Contacts

INPUT

NOTES:

SIOS-54.03a

Vendor Profiles: Andersen Consulting

Strengths

- Growing Reputation as SI Providers
- Reorganization to Focus on Professional Services and SI
- Software Development Methodology

INPUT

NOTES:

SIOS-54.03b

Vendor Profiles: Andersen Consulting

Weaknesses

- Possible Cash Constraints
- Perception as Accounting Firm
- Network Management Skills

INPUT

NOTES:

SIOS-54.04

Vendor Profiles: Andersen Consulting

SI Strategies

- Strong Promotional/Marketing Thrust
- Reorganization for Consulting Focus
- Demonstration Systems/Centers (Vertical Markets)

INPUT

NOTES:

SIOS-54.05a

Vendor Profiles: Andersen Consulting

SI Strategies

- Continuing Employee Education
- Focus on Largest Accounts
- Leverage "Complete Solution" Capabilities

INPUT

NOTES:

SIOS-54.05b

Vendor Profiles: DEC

- Business Duration
  - 10 Years
- Organization
  - Centralized Marketing and Promotion
  - Decentralized Execution
- Dedicated Resources
  - Approximately 300

INPUT

NOTES:

SIOS-54.06

Vendor Profiles: DEC

- Target Industries
  - Manufacturing
  - Telecommunications
  - Education
  - Aerospace
  - Banking & Finance
  - Health Care
- Unique Capabilities
  - Applications Support Centers
  - Connectivity Products

INPUT

NOTES:

SIOS-54.07ab

Vendor Profiles: DEC
Strengths

- Integrated Architecture
- Networking Capabilities
- Active Users Group
- Third-Party Software
- Alliances (CIM Especially)

INPUT

NOTES:

SIOS-54.08

Vendor Profiles: DEC

Weaknesses

- Lack of Micro & Mainframe Capability
- Modest SI Presence
- Changing Distribution Channels
- Organization for SI

INPUT

NOTES:

SIOS-54.09

Vendor Profiles: DEC

- Sample Projects
  - Firestone—CIM, $21M
  - W. Transportation—Inventory, $6M
  - Bantam Doubleday—Network Int., $3M

INPUT

NOTES:

SIOS-54.10

Vendor Profiles: DEC

- 150 Projects in 1987/88 Time Frame
- Average Size: Small $1-5M
- Hiring Heavily from Big 8

INPUT

NOTES:

SIOS-54.11a

Vendor Profiles: DEC

- Leveraging Network Capabilities
- Missing Project/Development Methodology
- Targeting "Enterprise" Contracts

INPUT

NOTES:

SIOS-54.11b

Vendor Profiles: Computer Sciences

- Business Duration
  - 21 Years
- Organization
  - Centralized Marketing and Promotion
  - Decentralized Contract Review/ Approval, Project Management
- Dedicated Resources
  - 2,500

INPUT

NOTES:

SIOS-54.12

Vendor Profiles: Computer Sciences

- Target Industries
  - Government
  - Distribution
  - Finance
  - Insurance
  - Telecom Providers
  - Retail
  - Publishing
  - Manufacturing

INPUT

NOTES:

SIOS-54.13ab

Vendor Profiles: Computer Sciences

- Target Functions
  - Networking
  - Office Automation
  - Digital Image Handling
  - Facility Management
  - Logistics

INPUT

NOTES:

SIOS-54.14

Vendor Profiles: Computer Sciences

Strengths

- Full-Service Provider
- Depth/Diversity of Staff
- Hardware-Independent Vendor
- Reputation for Performance
- Networking

INPUT

NOTES:

SIOS-54.15

Vendor Profiles: Computer Sciences

Weaknesses

- Small (Relative) Commercial Sector Presence
- Focused on Narrow Markets, in Terms of Current Results

INPUT

NOTES:

SIOS-54.16

Vendor Profiles: Computer Sciences

Typical Projects

- Dade County Airport: Cargo Information System
- German Bundesbahn: EDI for Railway System
- USAF Stock Control and Distribution
- Cincinnati Gas & Electric: On-line Customer Services System

INPUT

NOTES:

SIOS-54.17a

Vendor Profiles: Computer Sciences

Typical Projects

- AT&T Trunk Inventory and Control
- Kennedy Space Center: Office Automation
- U.S. Treasury Dept.: Consolidated Data Network

INPUT

NOTES:

SIOS-54.17b

Vendor Profiles: IBM

- Business Duration
  - 5+ Years in SI
- Organization
  - Centralized Account Management and Sales
  - Decentralized Contract Approval, Project Control

INPUT

NOTES:

SIOS-54.18a

Vendor Profiles: IBM

- Dedicated Resources
  - 6,000-8,000 People in Systems Integration Division (SID)

INPUT

NOTES:

SIOS-54.18b

Vendor Profiles: IBM

Strengths

- Market Presence
- Installed Base
- Resource Access
- Long-Term Account Relationships

INPUT

NOTES:

SIOS-54.19a

Vendor Profiles: IBM
Strengths

- Full Equipment Range
- Third-Party Suppliers
- Subcontractor Relationships
- Education, Training, Documentation
- Vertical Market Expertise

INPUT

NOTES:

SIOS-54.19b

Vendor Profiles: IBM

Weaknesses

- Internal Bureaucracy
- Speed of Response
- Product Orientation
- Nonintegrated Products
- Project Management Methodologies and Skills
- Pricing: Low Flexibility

INPUT

NOTES:

SIOS-54.20ab

Vendor Profiles: IBM

SI Strategies

- Stress Advanced Functions: AI, Image Processing, Networking, Connectivity
- Massive Reorganization into SID
- Emphasize Software and Connectivity
- Third-Party SW Leverage (2500 Programs on AS/400)
- Decentralized Decision Making

INPUT

NOTES:

SIOS-54.21ab

Vendor Profiles: IBM

- Over 200 Contracts (Federal and Commercial)
- Average Commercial Value: $6-7M
- Commercial Range: $50K-400M

INPUT

NOTES:

SIOS-54.22a

Vendor Profiles: IBM
Typical Projects

- Ford Motor Company, Office Systems ($400M)

- FAA: Advanced System
  - Westpac—4th-Generation Banking Systems
  - Amadeus—European Consortium Airline Reservations System

INPUT

NOTES:

SIOS-54.22b

Vendor Profiles: IBM

Typical Projects

- USAA: IMAGE/Folder Management (Insurance)
- Ford: CIM, Truck Plant
- United Airlines: Joint $250M Project for Travel Agents Suspended

INPUT

NOTES:

SIOS-54.22c

Vendor Profiles: SAIC

- Business Duration
  - 15 Years
- Organization
  - Entirely Decentralized to Divisions
- Dedicated Resources
  - 150 Commercial, 1500 Federal

INPUT

NOTES:

SIOS-54.23

Vendor Profiles: SAIC

Strengths

- Simulation Capabilities

INPUT

NOTES:

SIOS-54.24

Vendor Profiles: SAIC

Weaknesses

- Fragmented Divisional Approach
- Primarily Federal Concentration

INPUT

NOTES:

SIOS-54.25

Vendor Profiles: SAIC

Typical Projects

- DoD: Automated Medical Treatment Facilities
- FBI: Automated Fingerprint System
- DoE: Financing Support System
- Middle East: C3 Systems
- USAF: Logistics Center, Sacramento

INPUT

NOTES:

SIOS-54.26ab

Vendor Profiles: EDS

- Organization
  - No Dedicated Structure
- Dedicated Resources
  - Unknown (Estimate 100 People)

INPUT

NOTES:

SIOS-55a

Vendor Profiles: EDS

- Strengths
  - Understand Vertical Targets
  - Technical Skills/Communications
- Weaknesses
  - Image/Limited Alliances

INPUT

NOTES:

SIOS-55b

Vendor Profiles: EDS

- Primary Motivation to Drive FM
- Limited in Alliances
- Potentially Hindered by GM Relationship

INPUT

NOTES:

SIOS-56a

Vendor Profiles: EDS

- Extensive Large Project Management Experience
- Typical Project Size $5-30M
- About 50 Projects 1987-88

INPUT

NOTES:

SIOS-56b

Vendor Profiles: EDS

- Target Industries
  - Manufacturing
  - Banking/Finance
  - Health Care
  - Telecommunications
  - Distribution
  - State & Local Government
- Unique Capabilities
  - Proven FM Record
  - Network Management

INPUT

NOTES:

SIOS-57ab

Vendor Profiles: EDS

- Sample Projects
  - K-Mart Corporation—POS, $20M
  - Best Products—Retail/POS, $25M
  - RVS Insurance—Comprehensive

INPUT

NOTES:

SIOS-58

1988 Key Developments

- DEC Formalizes SI Strategy
  Enterprise Services
- IBM Organizes to Address SI Market
- ORACLE Forms Federally Oriented
  SI Division

INPUT

NOTES:

SIOS-59

1988 Key Developments

- NYNEX Buys AGS
- EDS Faces SI Project Difficulties
- Formation of Andersen Consulting Division
- AA Defections to Saatchi & Saatchi—ICS

INPUT

NOTES:

SIOS-60

Future Trends

- New Competitors Will Enter Market

  Large, Small & Niche

- Market "Hype" Will Blur Definitions
- Increased Centralization of SI "Product" Management within Vendors
- Increased Development of Proprietary Technologies/Methodologies

INPUT

NOTES:

SIOS-61ab

Future Trends

- Growing Investment in Marketing/ Promotion
- Entrance of Off-Shore Competitors in U.S. Market
- Telecommunications Companies

INPUT

NOTES:

SIOS-62a

Future Trends

- Non-SI Vendors Will Develop Formal Strategies for Market Participation as Subcontractors

Apple

- Number of Acquisitions Will Grow

INPUT

NOTES:

SIOS-62b

Emerging Vendor Trends by Class

Vendor Class	Additional Capabilities	Strategic Target
Professional Services	Data/ Network	Vertical Industry Niches
Software	Prof. Services (PS)	Applications Niches

INPUT

NOTES:

SIOS-63a

Emerging Vendor Trends by Class

Vendor Class	Additional Capabilities	Strategic Target
Hardware	Software/PS	Full Range
Communications	Software/PS	Network
Systems Suppliers	Data/Network	Applications/ Network

INPUT

NOTES:

SIOS-63b

Systems Integration Recommendations

- Present Full-Service Image
- Leverage/Promote Proprietary Technology
- Establish Strategic Partnerships (Alliances)
- Initiate and Maintain Overall Account Control
- Maintain Project Management Continuity

INPUT

NOTES:

SIOS-64ab